CANADIAN AGRICULTURAL PARTNERSHIP

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A GUIDE TO **AgriRecovery**

A Federal-Provincial-Territorial Disaster Relief Framework

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A Guide to AgriRecovery
A Federal-Provincial-Territorial Disaster Relief Framework

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What is AgriRecovery?

AgriRecovery is ***a disaster relief framework*** that is part of a suite of federal-provincial-territorial (FPT) Business Risk Management (BRM) programs under the *Canadian Agricultural Partnership*. It is intended to work together with the core BRM programs to help agricultural producers recover from natural disasters.

AgriRecovery is **not** a program. It is a framework which forms the basis by which federal, provincial and territorial governments work together to assess the impacts of disasters on agricultural producers and respond with joint initiatives where there is need for assistance beyond what is available through existing programs.

Objective:

The objective for initiatives developed under the AgriRecovery Framework is to help Canada's agricultural producers recover by providing financial assistance for the ***extraordinary costs*** necessary for recovery.

Extraordinary costs are those which producers would not incur under normal circumstances, but which are necessary to:

- Mitigate the impacts of the disaster; and/or
- Resume farming operations as quickly as possible following a disaster.

AgriRecovery does **not** cover production or revenue declines, including those resulting from disasters. The core BRM programs, which are AgriInsurance, AgriStability and AgriInvest, are available to help producers who are faced with production and revenue declines.

What is the role of existing programming in disaster situations and how does this affect the AgriRecovery process?

AgriRecovery is not the first, nor the only, source of assistance when disasters occur. Where there is need for assistance beyond what is available through the core BRM programs, the Framework is intended to work together with these programs to help producers recover.

As such, the assistance available through the core BRM programs, as well as other available assistance programming, is considered when assessing whether or not an AgriRecovery response is warranted. Further, initiatives developed

under the Framework must complement rather than replace or duplicate the assistance available through other programs.

As the core BRM programs will be the primary source of assistance in disaster situations, agricultural producers are encouraged to participate in these programs.

The three core FPT BRM programs are:

- **AgriInsurance** is an insurance-based program designed to assist producers experiencing production losses due to eligible perils, including severe losses resulting from disaster events;
- **AgriStability** is a whole-farm, margin-based program that assists producers when they are facing severe margin (income) declines caused by circumstances such as low prices, rising input costs, and production losses; advances (interim payments) are available under the program to help with cash flow; and
- **AgriInvest** is a savings account-based program where producer deposits are matched by governments; the funds in accounts are available to offset losses, help with cash flow needs, or support investments to help with managing business risks.

In addition, the **Advance Payments Program** is a federal loan program which is available to help crop and livestock producers meet their financial obligations through improved cash flow and better opportunities to market their agricultural products. Loans of up to $400,000 are available under the program, with the federal government covering the interest on the first $100,000.

Additional information on these programs can be found on Agriculture and Agri-Food Canada's website at www.agr.gc.ca.

There are other government programs which may provide assistance to producers who find themselves faced with a disaster event. For example, in disaster situations involving a disease or pest, the Canadian Food Inspection Agency (CFIA) may provide disaster-related compensation under the *Health of Animals Act* or the *Plant Protection Act*. Assistance may also be available to support recovery through provincial disaster assistance programming, which may be partially funded through Public Safety Canada's national Disaster Financial Assistance Arrangements.

What types of disaster events can be considered for assistance under AgriRecovery?

Those associated with natural disaster events such as:

- Disease (e.g., Bovine Tuberculosis, Potato Wart);
- Pest infestation (e.g., Potato Cyst Nematodes, Grasshoppers);
- Extreme weather (e.g., drought, flooding, tornado); and/or
- Contamination of the natural environment (e.g., chemical event).

What kinds of events CANNOT be considered?

Examples of events that **cannot** be considered for assistance under AgriRecovery include:

- Disaster events where there are no extraordinary costs producers must incur in order to recover;
- Disasters that can be effectively managed with assistance from existing programming;
- Cyclical market trends that result in income/revenue losses;
- Long-term market trends;
- Destruction of an individual's property where there is no impact on the sector;
- Cancellation of a contract or market loss not related to a disaster event;
- Trade actions that are not directly related to a disease or pest event;
- Situations that are market-driven (e.g., the closing of a processing plant in an area); and
- Recurring events which can be effectively addressed in the longer-term through changes to the existing BRM programs (e.g., changes to insurance plans), other federal or provincial assistance mechanisms, or private sector risk management tools.

How does AgriRecovery work?

The AgriRecovery Framework provides a process for FPT governments to jointly respond to disasters affecting Canada's agricultural producers.

The AgriRecovery process includes a number of key steps, including:

- **Step One - Request for an Assessment:** A request for a disaster event to be assessed under the AgriRecovery Framework to determine whether an AgriRecovery response is warranted. Requests are typically made by a province or territory to the federal government as provincial/territorial governments are usually closer to the disaster event, its impacts, and affected producers.

- **Step Two - Assessment:** A joint assessment is undertaken to:
  - Examine the disaster event and its impacts;
  - Determine whether there are extraordinary costs producers must incur in order to recover; and
  - Measure the capacity of existing programs to help producers recover.

  To this end, a number of key criteria must be met. These key criteria are described in the following section and illustrated in the AgriRecovery Assessment Flow Chart on page 9 of this Guide.

  During the assessment process, governments may consult with producers and/or sector organizations to gain a better understanding of the disaster, its impacts, and the needs of affected producers with respect to recovery.

- **Step Three - Decision & Authorities:** The findings and conclusions of the assessment form the basis on which FPT governments then decide whether or not to proceed with an AgriRecovery response.

- **Step Four - Agreement on the Technical Details:** Participating governments work together to finalize the technical details of the initiative. These details are typically set out in a funding agreement between governments.

  AgriRecovery initiatives are typically joint programs which are administered by the provincial or territorial government, or its delivery agent. Initiatives are typically cost-shared on a 60:40 basis between federal and provincial/territorial governments, respectively.

- **Step Five - Launch of the Initiative:** The initiative is announced, or targeted producers are notified, and program materials are made available (e.g., the terms and conditions for the initiative, application forms, etc.).

- **Step Six - Payments:** Submitted applications are processed and AgriRecovery payments are made.

As assistance under the AgriRecovery Framework is made available through individual, disaster-specific initiatives, each initiative will have its own name (e.g., 2013 Canada-Nova Scotia Strawberry Assistance Initiative).

What are the key considerations in assessing disasters and designing initiatives under AgriRecovery?

FPT governments have agreed on a set of principles and criteria to guide the assessment of disaster events and the development of AgriRecovery initiatives. As each disaster situation will be assessed on a case-by-case basis, differences in the circumstances of each disaster will lead to different types and levels of AgriRecovery assistance.

Principles

- Assess each disaster situation and response individually;
- Complement, but not substitute or replace, assistance available through the core BRM programs, other government programs, or private sector tools;
- Consider the financial position of affected producers in determining whether disaster assistance is needed;
- Design initiatives that do not result in affected producers being brought back to a better financial position than they would have been in had the disaster not occurred;
- Ensure that producers share in the costs and are not indemnified twice for the same costs; and
- Encourage mitigating actions.

In order to ensure producers are not compensated twice for the same costs, payments under AgriRecovery for extraordinary costs that are eligible under AgriStability will be included as eligible income in the program year for AgriStability purposes.

Assessment Process and Criteria

The AgriRecovery Assessment Process consists of two-stages to evaluate a disaster event and its impacts on agricultural producers against the Framework's criteria:

- Preliminary Assessment Criteria:

  The disaster event must:
  - Not be a **recurring event**;
    - A recurring event is defined as one which AgriRecovery has responded to previously in a province;
    - ***Potential Exceptions***: An event AgriRecovery has responded to previously in a province where either:
      - FPT governments are in the process of completing work to determine if there is an alternative longer-term solution (may respond a second time), or
      - FPT governments have completed the work to determine if there is an alternative long-term solution and it is deemed to be uninsurable or unable to be effectively addressed through existing or new government or private sector programming (may respond again).
  - Be an **abnormal event** and therefore something that producers could not have foreseen and prepared for; and
  - Result in **extraordinary costs** to producers, which are costs producers would not normally incur resulting from actions they must take in order to mitigate the impacts and/or resume production as quickly as possible.

If any one of the Preliminary Assessment criteria is not met, the assessment process stops and governments cannot provide assistance through the AgriRecovery Framework. If all three criteria are met, governments can proceed to the Formal Assessment stage.

- Formal Assessment Criteria:

  The disaster event should:

- Be a **collective experience**, affecting a large enough number of producers in a region that it has impacts for the sector in that region;
- Result in **significant negative impacts** on affected producers' capacity to produce or market agricultural product;
- Result in **significant extraordinary costs,** meaning extraordinary costs that have a substantial impact on producers' income and are large enough that it makes sense for governments to help with these costs; and
- Be beyond producers' **capacity to manage,** even with the assistance available through existing programs.

The results of the analysis for the four Formal Assessment Criteria will be taken together to conclude whether or not an AgriRecovery response may be warranted.

Coverage

Where, based on the findings and conclusions of an assessment, participating governments agree to proceed with an AgriRecovery response, an initiative is then developed to compensate affected producers for up to 70% of the extraordinary costs.

Examples of extraordinary costs covered by previous AgriRecovery initiatives include:

- Repairing/re-establishing crop and forage land damaged by flooding or drought;
- Re-establishing fruit trees damaged by a tornado;
- Cleaning and disinfection of buildings and property;
- Destruction/replacement of infected plants not covered by the *Plant Protection Act* to prevent the spread of a disease; and
- Carrying costs for animals unable to be sold due to quarantine.

Exceptions for Disease and Pest Events with a High Risk of Spread

The AgriRecovery Framework includes provisions which provide greater flexibility to respond to situations where actions must be taken to prevent the spread of a disease or pest.

These provisions include the ability to:

- Respond where there are relatively few operations affected, but the risk of spread to other operations is high;
- Respond where a disease or pest event has not yet significantly impacted producers' ability to produce or market their commodities, but where, if left unchecked, it could have significant impacts; and
- Respond with a higher level of assistance where it is necessary in order to limit the spread of the disease or pest.

How can I apply to AgriRecovery?

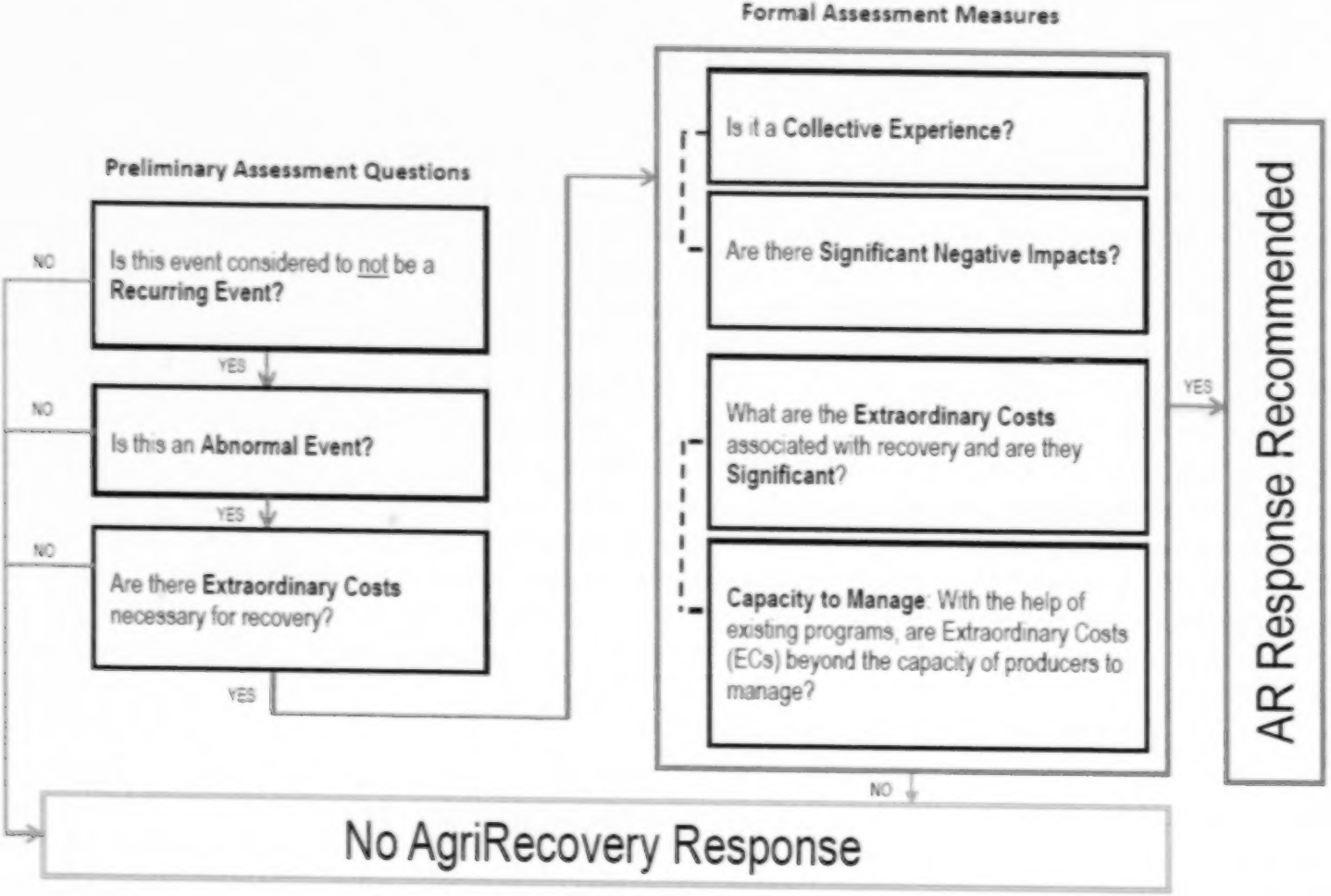
AgriRecovery is not a program. It is a disaster relief framework which defines the principles and criteria under which FPT governments can work together to help agricultural producers recover from the impacts of disaster events.

Once an initiative has been developed under the AgriRecovery Framework, the program details of that initiative, such as the initiative's terms and conditions and application process, will be made available.

Where can I go for answers to my questions about AgriRecovery and how it may help me recover from a disaster?

Additional information on the FPT AgriRecovery Framework, including information and links to current AgriRecovery initiatives, can be found on AAFC's website at www.agr.gc.ca/agrirecovery. Information can also be obtained by contacting the Department at 1-855-773-0241.

Annex - AgriRecovery Assessment Flow Chart


Preliminary Assessment Questions
NO
Is this event considered to not be a Recurring Event?
YES
NO
Is this an Abnormal Event?
YES
NO
Are there Extraordinary Costs necessary for recovery?
YES
Formal Assessment Measures
Is it a Collective Experience?
Are there Significant Negative Impacts?
What are the Extraordinary Costs associated with recovery and are they Significant?
Capacity to Manage: With the help of existing programs, are Extraordinary Costs (ECs) beyond the capacity of producers to manage?
YES
AR Response Recommended
NO
No AgriRecovery Response